

FREQUENTLY ASKED QUESTIONS



I've registered my business name... what now? I still have questions, who can help me?

Visit or call the Macomb County SBTDC office (586-469-5118), where you can get a Start Up Package, which includes a "Checklist For Starting A Business", "Information for Employers", and details about our free seminars. You may call to have a package mailed to you, or to have your general questions answered. The SBTDC also offers free one-on-one counseling (by appointment only) to address more specific issues you may have in starting your business successfully. Check out the website at: www.gvsu.edu/misbtdc/region10. The Macomb County SBTDC is located in the County Administration Building on the 7th floor.

How do I form a nonprofit business?

If you wish to form a nonprofit business, you do not register your name at the County Clerk's office. You must form a corporation with the State of Michigan, and then file for nonprofit status. Examples of nonprofit businesses include: **Sporting Leagues, Homeowners Associations, Charities (such as a fund raiser for a person's medical bills), Youth Group Associations, etc.** Some sources for information and assistance are: Accounting Aid Society 313-647-9620, and Nonprofit Enterprise at Work (N.E.W.) 734-998-0160. These organizations can assist you with the process of forming a nonprofit business. Nonprofits who solicit contributions from the public must also register with the Michigan Attorney General's Charitable Trust Division at 517-373-1152.

Where do I go to form a Corporation or a Limited Liability Company (LLC)?

Corporations and LLCs are formed with the State of Michigan. You can contact the Michigan Department of Labor & Economic Growth, Corporation Division at 517-241-6470. They can do a name search, reserve the name for you (if you request it), and mail you the proper forms. You must know which legal structure you are forming before you call for forms. Your options are: C Corporation, Sub-Chapter S Corporation or Limited Liability Company (LLC). You can also download the forms at <http://www.michigan.gov/businessstartup> (there is a form index link on the left). Please note, there are additional steps involved to form a Sub-Chapter S Corporation.

I've formed a Corporation or an LLC with the State of Michigan. Do I also need to register with the County Clerk's office?

When you register your business name, you are actually forming a legal structure. Sole Proprietorships and Partnerships are formed at the County Clerk's office. Corporations and LLCs are formed through the State. There are different legal and tax liabilities associated with entities formed at the County versus the State level. **You do not want to be registered with both the County and the State**, because that would be two different legal structures with two different levels of liability. Choose one or the other, not both.

How do I get my business license? How do I find out if I need a special license?

Actually, there isn't a business license, per se. What most people are incorrectly referring to is their business registration, or their sales tax license. Some industries (such as construction, home improvement, plumbing, day care centers, restaurants, etc.) do have licensing requirements. You may check the State's website at <http://medc.michigan.org/services/license/index/> for licensing information. If you do not have access to the Internet, and have not already done so, you may contact your local Small Business & Technology Development Center (SBTDC) to determine if any state licensing is required.

Also check with your **City Clerk** to determine if any local licenses or registrations are required and obtain the necessary forms.

How do I get my tax-exempt number?

If you are referring to a sales tax license, so that you don't have to pay sales tax on items that your business purchases to resell to the public, you can call the Michigan Department of Treasury 517-636-4660 and they will mail the necessary forms. Keep in mind, that if you purchase items for your business to use (and not to resell), then you are the final user – and must pay sales tax on these items.

If you are referring to being exempt from paying sales tax because you are a nonprofit corporation, you can call the Michigan Department of Treasury at 517-636-4660 to obtain the necessary forms.

Do I need a Federal Tax ID?

Generally, the Internal Revenue Service requires an FEIN if 1) the business will have employees, and/or 2) the business operates as a corporation, LLC, or partnership. An application for Employer Identification Number (Form SS-4) is available at the IRS website at <http://www.irs.gov/formspubs/index.html>, or you may order the form by calling the IRS at 800-829-4933. (This form is also available at the Macomb County SBTDC office). You don't necessarily need a form to obtain a FEIN – you may get a FEIN issued by phone (800-829-4933), or by filling out the form online at <http://www.irs.gov/formspubs/index.html>

If you are a sole proprietor with no employees, then you may use your own Social Security Number instead of getting a FEIN. **However, if you also need a Sales Tax License, then it is recommended that you first obtain an FEIN.**

What's the difference between an independent contractor and an employee?

The question of an employee vs. independent contractor is a very critical issue and is NOT a simple task. There are many different tests the IRS may apply to determine whether an individual is an employee or contractor. Improperly classifying someone as a contractor, whom the IRS considers to be an employee can result in stiff penalties. For further information, please contact the IRS at 800-829-1040 and request Publication 15A. If you need the IRS to make a ruling for you, you will need to fill out and submit Form SS-8, and a permanent ruling will be made.